Stormwater Financing Strategy
Learning Module Outline
Draft 8.22.18

Introduction:

The learning module is intended to assist local governments develop a sustainable financing strategy for their stormwater program in two important ways. The module provides information on the technical aspects of how to determine the full costs of operating and maintaining a community's stormwater program and evaluating various revenue and capital financing options. It also addresses the critical need of building a solid base of community support that will enable local elected officials to enact policies, programs, and budgets that will meet both today's needs as well as future needs. Engaging the political leaders at the right time with the right approach will give them the confidence they need to fully explore all financing options before selecting the one that best fits local conditions. Information about stakeholder outreach and building public support is woven throughout each chapter of the module.
(reference the USM EFC)

Chapter 1: Preparing for Success in Funding Your Stormwater Program: Getting Organized and Building Support

Section 1: Overview

1.1. Why Do We Need A Different Approach to Stormwater Finance?
- 1.1.1 Many Moving Parts Changing Over Time
- 1.1.2 Program and Financial Planning Challenges
- 1.1.3 Embracing the Need to Change

1.2. Implementing the Alternative- Overcoming Barriers to Sustainable Stormwater Finance
- 1.2.1 Challenges In Devising a Successful Stormwater Finance Plan
- 1.2.2 Key Elements For Success in Finance Planning
- 1.2.3 Suggested Steps In Planning, Seeking, and Implementing A Program Finance Strategy
- 1.3 Case Study- Moving from Failure to Success in Palo Alto, CA

Section 2. Getting Organized to Succeed- Preparing to Seek the Funding You Need

2.1 Why We Need to Get Organized Up Front
- 2.2 How Do We Get Organized?
  - 2.2.1. Defining your program status and plan
    - 2.2.1.1- Clearly and simply defining your program goals and purpose (Why Is It Important To Do This?)
    - 2.2.1.2- Describe your program's strategy (How Do We Intend to Accomplish Our Goals?)

2.2.1.3- Explain what specifically you do now and need to do in the foreseeable future

2.2.2. Defining your existing funding situation.

Section 3: Building Public Understanding and Support for Your Program

3.1 Building Public and Opinion Leader Understanding and Support
3.2 How Stakeholder Engagement can Strengthen Support for Program Design: Comparison of Reading MA and Berkeley County, SC
3.3 Retooling Public Outreach to Build Support
3.4 Building Meaningful Public Involvement Habits
3.5 Involving the General Public and Stakeholder Groups
3.6 Case Study: Raleigh, NC's Stakeholder Involvement Process
3.7 Attracting and Involving Program "Champions"
3.8 When Are More or Less Intensive Public Involvement Efforts Needed?

Section 4: Get Started

4.1 Learning From Your Peers and Experts
4.2 Assembling Your Team

Sources

Chapter 2: Establish Your Community's Stormwater Program Goals and Clearly Define the Problem(s) NOTE- will want to draw from EPA's "Community Solutions for Stormwater Management- A Guide to Voluntary Long Term Planning" April 2016 and examples from Hattiesburg, MS and other pilot projects.

Subchapter 2.1: Determine the scope for your current program assets and activities
- Need to be comprehensive across departments- account for your entire program
- Need to account for both traditional assets (pipes, pumps, trucks…) and less traditional assets (staff, green infrastructure, minimum measure activities) that need O&M (and funding)
- Examples of how municipalities organize their plans
    - Hattiesburg, MS
    - Los Angeles County, CA

Subchapter 2.2: Projecting what your program plan into the future
- How to project future needs
- How to translate those into plans
- Examples- Los Angeles County Capital Improvement Plan and Enhanced Watershed Management Plans

Subchapter 2.2: Using Asset Management to organize your stormwater assets and activities for each component of the scope.

- Use info from PG Environmental AMP documents here "Asset Management Programs for Stormwater and Wastewater Systems: Overcoming Barriers to Development and Implementation" March 2017 and case studies at https://www3.epa.gov/region9/water/npdes/asset-mgmnt/index.html (Grand Rapids, MI, Minneapolis, MN)

Subchapter 2.3: Using Asset Management to set near-term and long-term goals and objectives for each component of the scope.

- Things to remember in projecting program needs
    - Regulatory changes
    - Opportunities for multi-purpose projects
    - Adaptation to change (climate, etc)
    - Showing what more you can do with more funding
- maybe San Diego AMP case study

Sub-Chapter 2.4: The Benefits of Multi- Benefit Community Projects for Stormwater Management

Chapter 3: Determine Your Stormwater Program Costs

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Subchapter 3.1: Estimating Costs for Stormwater Assets and Activities

- Using Asset management to estimate costs
- Show Cal State Sacramento MS4 AMP and cost planning pilot tools and case study
    - How to determine life cycle costs
    - How to track ongoing vs. one-time costs
    - Case Studies (from long term plan pilots, maybe Paso Robles, CA (Sac State project)
    - Spreadsheet template to serve as a tool for communities to organize their stormwater budget.

Subchapter 2: Determine Your Stormwater Program Future Costs

TBA

Chapter 4: Evaluate Revenue and Capital Project Financing Options

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Subchapter 5.1: Factors Affecting Selection of a Funding/Financing Approach

Subchapter 5.2 Revenue Sources:

- General funds
- Taxes and Fees
- Dedicated revenue streams such as stormwater utility fees

- Other municipal dedicated funding sources (e.g., solid waste (for trash costs), wastewater, flood control, drinking water (for capture projects).

Subchapter 5.3: Capital Project Funding

- Low Interest Loans
- Municipal Bonds
- Grants

Subchapter 5.4: Federal Financing Sources for Stormwater Management Capital Needs

- SRF and other financing programs… USDA, HUD etc.
  - Overview of those programs – link to funding directory
- *Co-funding with case studies.*
- Sources of funding/financing for technical assistance for planning

Chapter 5: How to Develop a Stormwater Fee or Utility

Commented [GH4]: Hold for now, this won't be difficult

Commented [SD5R4]: Can draw heavily from sources listed below

- Importance of Public Involvement throughout the entire process
- Conduct a Feasibility Study
- Address Barriers
- Create a Billing System
- Adopt an Ordinance
- Finalize Credits, Exemptions and Incentives
- Provide an appeals process
- Potential use of interactive web portals/customer interfaces to enhance customer service
- Implement
- Stormwater Fee Evaluation

Could Be Arranged Something Like As Follows:

1. Get Ready (we'll find better titles later)

- Get ready through public outreach and involvement to establish your brand (Chapter 1)
- Develop your program plan and establish your present and future expected costs (Chapter 2)

2. Get Set

- Assess your fee/tax options
  - Tax of fee? Discuss differences and pros/cons
  - Flat or variable? (pros/cons of easy vs. fair)
  - Learn your legal framework- are fees or taxes viable under your state/local law?
  - Providing for options to reduce or waive fees/credit onsite or offsite work
  - Examples of feasibility evaluations (Portage, WI and Hamilton, ON from WWTW, p 12/16)
  - Involve public/key decision makers in program design and persuasion (see Chapter 1 for tips)

- Plan Your Funding Structure
    - Collect information needed to implement funding system (e.g. property ownership, Impervious surface cover, etc and calculate fees.
    - Develop notification process to inform rate payers
    - Develop billing system (fit with existing water/wastewater/tax bills or new)
    - Develop system for distributing funds through budget process
    - Fitting fees with other funding sources (general funds, grants, etc)
- Develop ordinance/rules to implement fee system
    - Become familiar with legal framework/constraints around fee/tax funding and approval process
    - Rates and who pays what
    - credit and offset provisions
    - adjustments for hardship or particular land uses of concern (e.g. entities that may not have paid property taxes or other fees before)
    - fee review and adjustment process
    - Define utility structure if you are forming a separate utility to manage program and collect fees (need more sources to mine regarding options for utility structure)
    - sunset (if any)

3. Go!

- Propose the fee/tax program
- Public outreach and involvement to build awareness and support, and address concerns
- Go through the approval process
    - get qualified for ballot, if vote required
    - get on agenda for council or board approval
- Send notice of new fee to payers
- Stand up customer assistance staff to be ready to address customer questions/concerns, and requests for offsets or credits
- Continue operating public outreach and involvement activities and forums, changing focus to creating transparent accountability for fee expenditures
- When appropriate, evaluate revenues, public reception of fees, and consider whether and how to make needed adjustments.

Key Sources:

EPA, 2009. Funding Stormwater Programs EPA 901-F-09-004, April 2009.
Forester Media, (date?). Stormwater Program Funding: Forming a Successful Stormwater Utility
American Rivers, (date?). When a bandaid's not enough: Implementing Stormwater Utilities in the Great Lakes Basin- Community Outreach Tools, Sample Utility Ordinance Language, and Guidance for Building Public Support.
EFC (date) Local Government Stormwater Financing Manual.
NRDC, 2018. Making It Rain: Effective Stormwater Fees Can Create Jobs, Build Infrastructure, and Drive Investment in Local Communities. April 2018.
Water Words That Work (date). Stormwater Fees Literature Review.

Chapter 6: Engaging Private Partners and Investors for Stormwater Management

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- Subchapter 7.1: Private Property Stormwater Management Incentive Programs - Municipalities are using incentive programs to encourage implementation of green infrastructure on both retrofit, redevelopment and new residential, commercial and institutional properties. These incentives are in the form of:
    - Fee reduction (credits, rebates, discounts)
        - Washington, D.C.'s Clean Rivers program associated with DC Water's CSO program allows for a 4% discount on the Impervious Area Charge and there is another discount provided by DC's Department of Energy and Environment (DOEE), which offers a maximum of 55% off their stormwater fee when adopting on-site GI (DOEE, 2016).
    - Subsidies:
        - Prince George's County, Maryland will pay up to for $4,000 for rain barrels, permeable pavement, rain gardens, and other onsite GI treatment on residential properties and up to $20,000 for non-residential properties (Prince George's County, 2017).
            - *NOTE: Be clear about the full program cost – not just the grant to these properties. There is on-going operational costs for these programs and for the assurance that the facilities are maintained and functioning.*
    - Insurance Premium Discounts/Risk Reduction
        - Community Rating System within the National Flood Insurance Program allows reduced insurance rates for homeowners in communities who adopt specific practices to reduce flood risk and enhance resilience overall, including the development of GI-focused building codes, ordinances, and a focus on runoff volume as well as peak flow (U.S. EPA,2016a).
    - Expedited Plan Reviews for Regulatory Permits
        - http://willamettepartnership.org/wp-content/uploads/2014/06/Econ-Instruments-for-Stormwater_2017-04-20.pdf

- Subchapter 7.2: Market-Based Programs for Stormwater Management
    - Credit Programs
        - DC Stormwater Retention Credit Program example.
        - Other examples to reflect variability and diverse ways to provide credits/discounts for controlling stormwater on property to help protect rivers and streams –large, medium and small communities. Other programs: Philadelphia, PA; Cleveland/NEORSD; Portland, OR; Austin, TX; Gresham, OR, etc.

        - Consider adding other Environmental Trading Markets, such as the Compensatory Mitigation and Nutrient Trading markets (e.g. State of Virginia).

- Subchapter 7.3: Public-Private Partnerships (P3) and Public-Public Partnerships to Support Stormwater Management
    - Brief explanation of delivery and contractual models for P3s and as well as an explanation of Infrastructure Financing Programs incentivizing private participation.
    - Case Studies
        - Environmental Impact Bond – DC, Baltimore, Atlanta
        - Prince George's County, MD and Chester, PA Community Based Public Private Partnership